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STRATEGY RESEARCH PROJECT

MILITARY PURCHASES FROM RUSSIA AND CHINA'S STRATEGIC MODERNIZATION: **A RELATIVE EVALUATION, IMPLICATIONS AND FUTURE OPTIONS FOR THE UNITED STATES

BY

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USAWC STRATEGY RESEARCH PROJECT

Military Purchases from Russia and China's Strategic Modernization: A Relative Evaluation, Implications and Future Options for the United States

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ABSTRACT

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The Chinese military is in the process of a long-term strategic modernization program. Uniformed and civilian leaders in Beijing have studied recent conflicts, to include the United States' participation in the Gulf War and it's most recent operation in Kosovo. These studies have analyzed comparative Chinese shortfalls, and identified improvements that must be made in their forces doctrine. The Chinese military leadership is well aware of the gap in modern military capabilities that exist between the Peoples Liberation Army (PLA) and modern, late 20th century militaries, most notably the U.S. armed forces.

The majority of foreign analysis concerning the existing and potential Chinese military threat emphasize recent equipment purchases from Russia and the trends these purchases portend. This study reviews and analyzes those acquisitions in relation to Chinese strategic modernization, draws overall conclusions and then looks at broader implications and options for the United States. The implications of this study argues that "containing" China is not a viable option for the United States.

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MILITARY PURCHASES FROM RUSSIA AND CHINA'S STRATEGIC MODERNIZATION: A RELATIVE EVALUATION, IMPLICATIONS AND FUTURE OPTIONS FOR THE UNITED STATES

"Mr. Chairman, let me now turn to China, whose drive for recognition as a Great Power is one of the toughest challenges that we face. Beijing's goal of becoming a key world player and especially more powerful in East Asia has come sharply into focus. It is pursuing these goals through an ambitious economic reform agenda, military modernization, and a complex web of initiatives aimed at expanding China's international influence—especially relative to the United States...Russian Arms are a Key component of this buildup. Arms sales are only one element of a burgeoning Sino-Russian relationship. Moscow and Beijing plan to sign a "friendship treaty" later this year, highlighting common interests and a willingness to cooperate diplomatically against U.S. policies that they see as unfriendly to their interest"

—George J. Tenet, Director, CIA1

The Chinese military is in the process of a long-term strategic modernization program. Uniformed and civilian leaders in Beijing have studied recent conflicts, to include the United States' participation in the Gulf War and it's most recent operation in Kosovo. These studies have analyzed comparative Chinese shortfalls, and identified improvements that must be made in their forces doctrine. The Chinese military leadership is well aware of the gap in modern military capabilities that exists between the Peoples Liberation Army (PLA) and modern, late 20th Century militaries, most notably the U.S. armed forces.

The majority of foreign analyses concerning the existing and potential Chinese military threat emphasize recent equipment purchases from Russia and the trends these purchases portend. This study reviews and analyzes those acquisitions in relation to Chinese strategic modernization, draws overall conclusions and then looks at broader implications and options for the United States. The implications of this study argue that "containing" China is not a viable option for the United States. The United States instead, needs to grasp this moment of improving relations with China to use its strong position of power and influence to build a solid foundation for U.S.-China relations and to shape that relationship to both countries' present and future mutual benefit.

A STRATEGIC RELATIONSHIP OF MUTUAL NECESSITY

Russia has become China's chief supplier of modern weapons and military technology. Virtually all of the weapons technology of the former Soviet Union, including its most advanced systems, is now for sale to the highest bidder-- which has turned out to be China. It is estimated that about 70% of Russia's foreign arms sales went to China in 2000. ² Some observers have

characterized the Chinese approach toward Russian military equipment sales as buyers at a fire sale. ³ Russian arms merchants have introduced Chinese military leaders to a variety of hardware and technology that could greatly improve existing PLA capabilities. Thanks to the Russian connection, China can, through reverse engineering, leapfrog over obsolete intermediate technologies, developing state-of-the-art military capabilities comparable to the U.S. in a decade or less. 4 In the not too distant future, they will be producing sophisticated weapon systems domestically. Elements of the defense industries in both countries have established relationships with their counterpart organizations, the foundation for these relationships being laid down during then Russian President Boris Yeltsin's visit to Beijing in late April 1996. 5 These relationships continue to be endorsed and supported even more strongly by Russia's current President, Vladimir V. Putin, based on what seems to be his intent on securing short-term gains in hard currency for the Russian economy and political clout from Russia's comeback in the global arms business. ⁶ Over the past five years, reports of negotiations for many advanced systems and technologies have been widespread, but generally vague and sometimes exaggerated. Many reported deals have not been consummated. ⁷ Actual equipment purchases and technology transfers have been relatively limited because Chinese appetites are constrained by limited financial resources dedicated to the military and by Russian strategic suspicions.

Although Moscow still has not sold China complete weapons systems that can strike at the Russian heartland, the military is concerned about these armament sales, based on the concern of how the Russian-Chinese relationship will develop in the future. This relationship has significant implications for both domestic stability in Russia and the complex regional and strategic security environment of East Asia. Therefore, military planners in the Kremlin maintain a watchful eye on Chinese military modernization and provide their civilian leaders cautious advice about arms sales to China. However, some limited transfer of strategic technology is likely to have occurred whether sanctioned by Russian leadership or not. Moreover, danger continues as well from rogue traders, not only from Russia but from other former Soviet states, who traffic in strategic systems and technology in pursuit of personal financial gain. In a similar manner, Russian scientists and technicians no longer fully employed by the industries that produced weapons for the former Soviet forces may look to China as a lucrative opportunity for their own private employment. Indeed, the recruitment of Russian scientists, technicians, and engineers, carried out under both official and "unofficial" auspices, is a key part of China's strategy.⁸

Although Beijing has accumulated vast quantities of foreign exchange reserves, the senior Chinese leadership states that it has not yet made the decision to divert sufficient resources from civilian economic development to fund large-scale military equipment purchases adequately. For example, published government expenditures on culture, health, education, and the civilian development of science and technology have outpaced the official figures for defense expenditures in the past decade. ⁹ It would take huge sums of money to acquire the equipment and technology from across almost the entire spectrum of modern military systems to transform the existing Chinese force (using equipment primarily based on technology of the 1950s and 1960s) to one using military technology of the 1980s.

As a partial effort that gradually seeks to improve technological standards in the PLA, Beijing states that it has authorized the purchase of "modest" amounts of conventional Russian military equipment. Foreign observers generally agree that these purchases have been made with funds provided by the central government or through barter agreements and are not included in the officially announced military budget. ¹⁰

The official defense budget, it should be noted, only covers basic training, troop pay, and operations and readiness (O&M) expenses. Other military expenditures—everything from military related research and development, nuclear weapons programs, special weapons procurement, and major arms imports, to expenses associated with the People's Armed Police (PAP) and PLA Reserves, military pensions, and subsidies for defense industries—are hidden away in other parts of the PRC 's state budget or in provincial budgets. In addition, the PLA has several other sources of revenue not included in the official earnings from overseas arms sales, and earnings, now dwindling, from non-military-oriented PLA economic activities. ¹¹

RECENT ACQUISITIONS OF MODERN EQUIPMENT

Recent Russian weapon and equipment sales have included 72 SU27 fighter-ground attack aircraft; 100 S-300 surface-to-air missiles; ten IL-76 transport aircraft; four *Kilo-class* submarines, and two *Sovremenny-class* destroyers. ¹²

PLA AIR FORCE

The new air force weapons purchases and development programs with Russia, have focused on power projection. Russia and China have finalized a deal to co-produce 200 SU 27s in China by 2012. It is anticipated that China will have 300 SU 27s in operation by 2003. Equipped with advanced radar and AA-11 radar-guided missiles capable of hitting targets beyond visual range, these fighters are designed to give China air superiority. Using in-flight air

refueling kits obtained from Russia, five B-6 bombers have been converted into aerial refueling tankers in an effort to extend the range of Chinese aircraft to cover much of the western Pacific, allowing them, in the words of one Pentagon intelligence report, "to perform some long- range escort, air-to-air, and ground attack missions over the South China Sea or else where in the region." ¹³ The purchase of the ten IL-76 Russian heavy cargo planes will provide the lift capacity to move men and material quickly outside of its borders. This purchase will enable China, through reverse engineering or direct design assistance, to build its own heavy transports in the future.

The significance of all these purchases from Russia is underlined by the PLA Air Force's recent shift from a defensive strategic doctrine to one that emphasizes taking the offensive. ¹⁴

PLA NAVY

As Russia recedes on the threat horizon—so much so that its role has shifted from China's antagonist to its chief supplier of modern arms—Beijing has become especially aggressive on the maritime front. After decades of languishing as a coastal defense force, the PLA Navy has, with key Russian naval purchases and technology assistance, moved in a more offensive direction. With the acquisition of the Minsk from Russia, China now has its first aircraft carrier, and a second may be on the way. China's recent purchase of two *Sovremenny-class* destroyers, as part of a total weapons purchase worth \$8-10 billion, was as many analysts believe, a direct response to the deployment of the U.S. aircraft carrier task forces during the Taiwan missile crises of 1996. The Russian destroyers are armed with SS-N-22 Sunburn cruise missiles, designed to strike at the U.S. Aegis-class guided missile warships that form a protective screen of escorts around U.S. aircraft carriers.

China's purchase of four new *Kilo-class* attack submarines provides it with another carrier-busting weapon. The Russian submarines have been upgraded to be among the quietest diesel submarines in the world, and come equipped with a weapons package that includes both wake-homing and wire-guided acoustic homing torpedoes. The wake homing torpedo, is designed to ignore acoustic ship defense and evasive maneuvers and has been described by the Office of Naval Intelligence (ONI) as especially effective. ¹⁵

PLA GROUND FORCES

China is also buying or building (with Russian help) advanced Russian surface-to-air missile systems. These include an estimated one hundred of Russia's long-range SA-10s, to be

deployed around key government and industrial complexes, and the Russian version of the of the Stinger aircraft missile, the SA-7.

Other reporting from Moscow and Washington points to discussions about new purchases of ground force equipment, including BMP-3 Infantry Fighting Vehicles, advanced artillery systems and multiple rocket launchers. ¹⁶ Many details of these potential transfers, such as delivery schedules, are unclear. Moreover, there may be problems about pricing that need to be resolved before any transfers are made.

The total cost of these purchases is uncertain. Prior to the deal for the *Sovremenny* destroyers, Gill and Kim estimated that the figures for 1991-94 were \$4.5-6 billion. ¹⁷ Pentagon sources said that the cost of the ships and several other Russian systems was between \$8 and \$10 billion over several years. ¹⁸ If either of these estimates were to be prorated over the multiyear period during which the equipment transfers would take place, it is possible that the announced Chinese defense budget would be augmented by \$1 to \$2 billion annually. For the sake of comparison, in terms of money spent on acquisition, in 1995, the U.S. Department of Defense procured more than \$43 billion of equipment with Lockheed Martin alone accounting for over \$10 billion. ¹⁹

IN PURSUIT OF A COMPREHENSIVE NATIONAL POWER: CHINA'S MILITARY MODERNIZATION PROGRAM

Already the dominant economic power in continental Asia, China is rapidly building up a first rate military force. China's military spending in realistic terms is increasing at a double-digit rate, enabling the People's Liberation Army to rapidly expand its arsenal of state-of-the-art nuclear and conventional weapons. This growth is especially alarming in view of decreasing American, European and even Russian military budgets and the absence of a credible threat to China's territory. China is the only major country in the world that is currently undertaking a major military expansion.

As Chairman of the Central Military Commission from 1980 on, Deng Xiaoping moved to create a more professional People's Liberation Army. ²⁰ After the expeditionary force was bloodied by the Vietnamese in 1979, he retired the PLA's superannuated generals and promoted more technologically astute replacements. He reduced the number of military regions from eleven to seven, to better reflect China's strategic goals. And he changed the PLA's order of battle away from the simple rifle companies of the 1940s to include armor and other advanced weapon systems. To acquire militarily useful technology, such as space tracking, nuclear energy, and lasers, he launched a sweeping effort called the "863 Program." ²¹ The 863

Program, managed by the State Commission of Science, Technology and Industry for National Defense (COSTIND) and the State Science and Technology Commission (SSTC), was established as a mechanism to concentrate China's Science and Technology establishment into seven key areas, for long-term development. These areas include space, lasers, automation, biotechnology, information systems, energy, and new materials. Within these seven areas, 17 major projects were designated. Projects under the 863 Program are budgeted independently from the PLA, COSTIND, and SSTC budgets. The COSTIND oversees 863 laser and space programs, while the SSTC manages the other five areas. Following the collapse of the Soviet Union, in order to further speed up the modernization of the PLA, Deng approved the first purchases of Russian made equipment.

Jiang Zamin has turned out to be even more of a booster of PLA modernization than his patron. He has spent billions acquiring arms and technology from Russia. Instead of just continuing the 863 Program, he aggressively expanded it in 1996 into the "Super-863 Program." And he has not only reaffirmed but has codified Deng's view that military modernization is the chief object of the modernization of the overall economy. ²²

This "guns before butter" approach is contained in what is called the "Sixteen Character Policy." Approved by Jiang and the Chinese Communist Party (CCP) in 1997, the sixteen character policy talks in terms of combining peace and war, giving priority to military products and letting the civil support the military.

As the congressional Cox Report confirms, "the CCP's main aim for the modernization and expansion of the civilian economy is to support the building of modern military weapon systems and to support the aims of the PLA."²³ What this suggests is a conscious effort to manage the growth of China's civilian economy, particularly its technological and industrial capabilities, so as to provide the essential components for the production of modern weapon systems, as well as to use commercial profits to import advanced weapons systems from abroad, principally from Russia. The PRC's pursuit of "comprehensive national power" is a three-legged race in which the first two legs—the promotion of high technology industries and robust economic growth—are tied to the third and key leg: military modernization.²⁴

The PRC loudly and publicly denies, that it holds military modernization to be all important. In fact the official Beijing line, which has remained unchanged since the late seventies, is that the PRC is devoting the lion's share of its resources to economic development, with military modernization subservient to that goal.

When talking among themselves, however, many PLA leaders and PRC scholars openly insist on the primacy of military modernization efforts. General Liu Huaqing, for example, former

vice chairman of the CCP's Central Military Commission and member of the Standing Committee of the Politburo, stated in 1992 that the economic modernization was dependent not only on "advanced science and technology," but also on "people armed with it." Anything else was "empty talk." ²⁵

One thing is certain: China's rapid economic expansion has enabled an equally rapid expansion in its military budget. Since 1992 China has enjoyed phenomenal economic growth, with the GNP increasing at a rate of between eight and twelve percent per year. With the Chinese economy doubling in size every six to nine years, Beijing has an ever larger economic base from which, in the words of the Sixteen-Character Policy, to "let civil support the military." During the late 1990s, the PRC admits, official military spending increased at a double digit pace, faster than any other part of the budget. All indications are that China's hidden spending has kept pace.

CHINA'S 2001 DEFENSE SPENDING; AN INCREASE DUE TO "DRASTIC CHANGES."

Aiming to cope with what it calls "drastic changes" in the world's military situation, China has decided, most recently to increase defense spending this year by 17.7 percent, its biggest expansion in real terms in the last twenty years, according to Finance Minister Xiang Huaicheng. ²⁶ Xiang said in his speech before the National People's Congress, China's Legislative body, on March 6, 2001, that the increase would go mainly for pay raises for officers and enlisted men and "to meet the drastic changes in the military situation around the world and prepare for defense and combat given the conditions of modern technology, especially high technology." ²⁷ The defense spending jump, calculated in real terms, dwarfs recent yearly increases. The new Chinese budget is higher than that of India, Taiwan or South Korea. Analysts generally estimate that the real figure is at least three times as high, which would put China almost on par with Japan's \$45 billion. ²⁸

James Mulvenon, a Chinese security specialist at the Rand Corporation, noted that the Chinese military received larger percentage increases in its budget in the mid-1990s but that those came at a time of run away inflation, making them smaller in real terms and less significant as an expression of government policy. ²⁹ "This is the biggest increase I have ever seen," Mulvernon said. "In an environment of increasing central budget deficits and continuing revenue problems, these types of increases highlight the amount of fiscal pain China's leadership is willing to endure to maintain the loyalty of the military. ³⁰

This years' budget increase for the PLA largely confirmed what U.S. security experts had heard about a debate in China over the 10th Five Year Plan that occurred in the Spring of 1999.

As the Kosovo campaign unrolled and China's embassy in Belgrade was hit by U.S. missiles, the Ninth Five Year Plan, formulated in 1994, set defense increases at about 10 percent per year, adjusted for inflation. It is expected that the next five years will bring increases of between 15 and 20 percent a year. ³¹ This means a dramatic increase as well, in the money available for foreign military purchases.

Analysts believe that the Kosovo bombing campaign, in which air power and missiles forced Serbia's Army out of Kosovo, was a major catalyst for the publicly announced budget increase, adding to the shock felt by the PLA after officers witnessed the weapons used in the Gulf War. The Allied victory in Yugoslavia constituted a major part of the "drastic changes" enunciated by Xiang. ³²

ANALYSIS OF RUSSIAN MILITARY PURCHASES: WHAT DO THEY PORTEND?

The list of actual deliveries and the *Sovremenny* transfer yield valuable insights into the actual state of Chinese military modernization and the Chinese defense industry. First, the types of equipment purchases indicate the trends in doctrine, strategy and force development the Chinese are pursuing. Air Force and naval modernization has priority. After decades in a fundamentally defensive posture, China now very much desires a stronger military able to project force swiftly beyond its borders in order to defend its territorial claims in the South China Sea. Moreover, Beijing wants to be capable of projecting force within its current borders to deal with ethnic rebellion in frontier regions and worker or peasant unrest in China proper without outside interference. ³³

PRC DEFENSE WHITE PAPER PROVIDES FOCUS FOR MODERNIZATION

In the PRC White Paper on National Defense, issued in October 2000, the United States is now seen as China's main threat and road block on the path to regional military supremacy and reunification with Taiwan. ³⁴ The White Paper accused Washington of "practicing a new gunboat policy and neo-economic colonialism" and remarked that the plan to create a shield against missiles, would seriously destabilize the security of the Asia-Pacific region. ³⁵ This view has been reinforced recently in several key essays by senior PLA strategists. The Deputy Chief of Staff, Lieutenant General Xiong Guankai, wrote in a recent edition of China Strategic Studies, for instance, that the forces of "war, hegemony and power politics are increasing." ³⁶ Speaking on this latest announcement by the PRC, David Shambaugh, a specialist on the Chinese military at George Washington University and the Brookings Institution stated, "This is a very bleak assessment of the global security environment." ³⁷ Shambaugh said that over the past

few years China has embarked on a military modernization program that puts the U.S. military front and center as a potential adversary because Beijing believes that Washington opposes China's dream of reuniting with Taiwan. ³⁸

As shown by China's recent military purchases, its air, sea and amphibious forces are being outfitted with a wide array of state-of-the-art weapon systems from Russia that will enable them to deliver a punch far beyond China's borders. These systems will begin to provide some of the capabilities needed to fight the type of conflict that Chinese strategic planners envision as most likely in the future—short, limited wars using high-technology equipment on the periphery of China. In order to fight this type of war, the PLA will need to develop the capability to project and sustain a joint, combined arms force some distance from its borders. At the present, the PLA is not structured to do so, but is best suited to fight a defensive war on its own land mass and in its coastal waters.

In spite of numerous allegations, the transfers of strategic long-range bombers and ICBMs has not been verified. While seeking to improve its strategic capability in cost effective ways, Beijing appears to believe that the existing PLA nuclear arsenal generally provides an adequate level of strategic deterrence. ³⁹

As mentioned earlier, although there have been reports of new sales of ground force weapons systems, anticipated transfer of any significant numbers of ground force equipment has yet to come to fruition. This may be because China faces no significant land threat and calculates that the amount of equipment necessary to outfit its ground forces would be cost prohibitive as well as unnecessary. This reasoning allows for money to be better spent on those weapons more likely to be needed in potential future conflicts and found in air force, navy and missile units.

AIR FORCE STRATEGY AND FORCE DEVELOPMENT

During the 1990s, China geared up to develop a high-technology air force. Chinese military leaders appear to believe that the *sine qua non* of a turn-of-the-century regional military power is a capable combat ready air force. ⁴⁰ The PLA has set its sites on a long-term plan to modernize completely its aircraft through a combination of off-the-shelf purchases, technology transfers, and pilot training programs mostly from the Russian Republic. The primary lesson of the Gulf War and U.S. air operations in Kosovo, in the eyes of many PLA leaders is the primacy of airpower, particularly the importance of controlling airspace or at least denying it to a hostile power. ⁴¹

NAVAL STRATEGY AND FORCE DEVELOPMENT

In the early 1980s, the long-standing emphasis on coastal defense shifted to the "offshore active defense strategy." ⁴² At the core of this doctrine is a three-tiered layer of naval defenses. The first level extends from the coast to 50 nautical miles out to sea. The Peoples Liberation Army Navy (PLAN), would defend this zone with shore-based anti-ship missiles, fast attack craft, minesweepers, and minefields. The second level of defense runs from 50nm to 300nm from the coast. It is here that the major surface combatants (destroyers and frigates) and older submarines would deploy. Beyond this is the outermost sea space where the PLAN would operate shore-based naval aircraft and submarines with ship-to-ship missiles.

The PLAN's next objective is to become a "green water navy." China's "green water" extends eastward in the Pacific Ocean out to the "first island chain" formed by the Aleutians, the Kuriles, Japan's archipelago, the Ryukyus, Taiwan, the Philippines, and Borneo. Further eastward is what the PLAN calls "blue water"—this extends out to the second island chain starting in the north at the Bonin Islands and moving southward through the Marianas, Guam, and the Caroline Islands. China is striving, through their modernization program, to have a "green water navy" early in this century and a "blue water navy" by 2050. ⁴³ The recent acquisitions of modern Russian combat ships, submarines and other advance maritime technology systems clearly support the PLA's doctrine, strategy and force development program for the Navy.

Second, the amount of equipment purchased from Russia confirms the *selective modernization of a few units* throughout the Chinese military. Only enough equipment has been purchased to develop "pockets of excellence" among the PLA forces. ⁴⁴ Selective modernization has been demonstrated by the priority given to the development of a limited number of rapid reaction units, rather than improving the entire force. This force development strategy is in similar context to the U.S. Army's transformation-based Interim Force vs. the Objective Force concept.

For now, the Chinese military is simply too big and too bogged down with equipment designed and produced decades ago to be fully equipped with modern hardware. Therefore, further reductions in both personnel and force structure will be imperative as the PLA modernizes.

CONCLUSIONS, IMPLICATIONS AND FUTURE OPTIONS FOR THE UNITED STATES

Relatively speaking, in terms of conventional, modern military hardware, the PLA currently has approximately one-tenth the capability of the forces deployed in the far eastern theater by

the former Soviet Union in the late 1980s. ⁴⁵ Though there are a few "pockets of excellence" within existing forces, the PLA has only begun a long process of equipment modernization. It still faces doctrinal development and the task of educating and training its personnel in modern techniques. The actual integration of new high-technology weapons systems on the training field, to include the use of modern communications, intelligence, and logistics systems, is a major endeavor that has been underway for only a short period of time and only by a portion of the total force. The relatively low level of education and technical sophistication found in the force hampers rapid modernization. Although the PLA is engaged in a major educational campaign to teach its personnel about the capabilities of modern high-technology equipment, until such equipment is more readily available throughout the force, most officers and men will have only academic exposure to modern weapons and their application on the high-technology battlefield. Therefore, it will be difficult to develop and disseminate doctrine, tactics, and techniques for the employment of any modern weapons that may enter the force.

Without massive foreign assistance, the Chinese defense industry currently can produce, at best, equipment with technological levels equivalent only to that which the Soviet Union replaced in the 1980s. The majority of today's Chinese defense industries will have to be retooled and personnel taught new techniques to produce significant numbers of more modern equipment. Therefore it is probable that the most modern military equipment introduced into Chinese units in the near term and midterm will be of foreign origin.

The cost of equipping the entire PLA with modern equipment and revamping the defense industries would be enormous. The international strategic situation, however does not require China to make major changes in its allocation of resources between the civilian and military sectors at this time. The Chinese leadership in view of this situation, have until this most recent announcement of a defense spending increase, refrained from diverting the amount of investment necessary to change significantly the existing distribution of resources within the country. Beijing analysts have in the past justified this decision by using the fall of the Soviet Union as an example: the "Soviet Trap" was the disproportionate amount that Moscow spent on the Soviet military instead of on the civilian economy and is considered a primary reason for its eventual demise. ⁴⁶

While the current pace of Chinese military modernization will not pose a significant threat to modern militaries for some time to come, clearly its smaller regional neighbors already are wary of Beijing's intentions and potential capabilities. No matter what the foreign perception, however, for the purpose of its own prestige and in the pursuit of its foreign policy objectives, China will seek to have a visible, standing force capable of deterring war and intimidating

potential opponents. This reality calls for a strengthened policy of engagement with China by the United States.

WHY THE U.S. SHOULD ENGAGE MORE WITH CHINA

Today China is, with the help of Russian arms and technology, increasing its military power in the Pacific. China is increasing its political and economic power as well and this has led and will continue to lead to conflicts of interest with other powers in the region, especially the United States and Japan. This path poses special dangers for American security but it also provides rich opportunities. A U.S. policy of strengthened engagement is needed to help manage the U.S.-China relationship so that it does not lead to military conflict, but instead serves to strengthen the present stability in the Asia-Pacific region. All nations of the Asia-Pacific region would like to see China play a positive and constructive role in the region.

As China unfolds from the introverted crouch of the Maoist period and becomes more powerful, it is defining a wider role and a new identity for itself in international security. China's emergence is the most portentous geostrategic development in America's westward vista, as important as, to the east, Russia's search for a post-cold war security concept.

The United States cannot steer China's course, but, as with Russia, it can exercise an influence. Chinese strategic thinkers themselves rate actions of the United States the most important factor they need to take into account, for better or worse, as they chart their countries future.

American's for their part, view China's growing power warily. Comfort can no longer be taken, as it was during the Cold War, from the fact that China's power was an offset to Soviet military power. Now China must be assessed on its own terms. Some Americans have already concluded that China is destined for competition and conflict with the United States. But such a conclusion rashly prejudges the outcome of a process that is only beginning. Fatalism would likely prove a self-fulfilling prophecy. If China is treated like an adversary, it will surely become one.

The United States has to this point, wisely chosen to reject a policy of fatalism, as well as its prescription, a strategy of containment that would seek systematically to limit China's power and role. Instead of containment, U.S. policy recognizes the malleability of China's future course and the potential for America to influence it through engagement. For now, the weight of American political opinion appears to support engagement.

Any program of engagement must recognize the reality that China's rapid rise as an economic, political, and military power inevitably poses challenges to other Pacific powers, and

in particular to the United States and Japan and to their security alliance. This alliance and its concomitant deployment of American troops, has provided the security and stability underlying the remarkable economic growth these past two decades in the Asia-Pacific region. But even as China has profited from this stability, China believes that this alliance and these troops are directed against it and constitute an American policy of containment.

In fact, however, America's policy under its last six presidents has consistently been one of engagement with China. This policy began with the signing of the Shanghai Communiques in 1972 by President Nixon. Since then, it has had its ups and downs: up with the recognition of China in 1979 by President Carter; down with China's suppression of the Tiananmen demonstrations in 1989 and the subsequent sanctions by the United States; up with President Clinton's resumption of engagement in 1994; down with China's firing of missiles bracketing Taiwan in 1996 and the deployment of two American carrier battle groups in response; up again most recently with meetings in the United States and China of President Jiang Zemin and President Clinton.

The question of Taiwan still dominates the bilateral relationship, and miscalculation by either party could easily shatter the fragile stability that reflects this new rapprochement. There is still much U.S. dissatisfaction with China over such issues as human rights, proliferation, Tibet, and the trade deficit. The fragility of the present improvement in relations is why the United States must seize this moment to lay a more solid foundation by creating understandings and linkages that will provide for greater stability and predictability in the future bilateral relationship.

For a more stable and predictable bilateral relationship to develop, longer term strategies must be formulated that emphasize engagement, exchange, and better understanding of each others interests, priorities, and policy options. Engagement is a process not an end. The content of engagement should be a focused, forward-looking program to shape the U.S.-China security relationship to mutual benefit. The United States therefore should: First, work to deepen and broaden the defense-to-defense relationship; second, work with China to stabilize the Taiwan question; Third, seek to engage China's neighbors; Fourth, encourage China to greater participation in counterproliferation and other global security regimes.

The United States has important interests in all corners of Asia. By virtue of its central geography and shared interests, China is a natural participant in regional security dialogue and activities to improve confidence and capabilities for cooperation. Although differences over Taiwan restrict security cooperation between the United States and China, our two countries share common security interests in peace on the Korean Peninsula: in limiting proliferation and

build up of missiles and nuclear weapons in Asia that may threaten the free flow of energy from the Persian Gulf, in countering terrorism and illegal drug trafficking emanating from Central and South Asia, in calming communal violence in third countries that threatens our citizens and their commercial interests, and in combating piracy and other international crime.

Forging a security partnership with China will be very different from forging one with Russia and in some ways more difficult. Russia has been a global power for half a century. But China's isolation has been profound, and its strategic perspectives are still regional, not global, regardless of its military modernization program. Russia is accustomed to world responsibility; China will be assuming new responsibilities. Whereas Russia easily thinks of itself as an advanced industrial peer of the western nations, China thinks of itself as a developing country. China also harbors a substantial sense of historical grievance and dissatisfaction. China's region of the world possess no security institutions like the Organization for Security and Cooperation in Europe, NATO, or the Partnership for Peace that could provide a ready-made security framework for resolving East Asia's unresolved animosities. But despite these differences, the opportunity for stronger engagement with China is easily as great as the opportunity with Russia. The risk of not successfully strengthening and broadening our relationship with China, clearly provides the prospect of a major threatening power in East Asia in the Twenty-First Century.

WORD COUNT= 5.789

ENDNOTES

- ¹ Statement by Director of Central Intelligence, George J. Tenet, before the Senate Select Committee on Intelligence, on the "Worldwide Threat 2001: National Security in a Changing World," Washington, D.C.: 7 February 2001.
- ² Catherine Belton and Stan Crock "Washington and Moscow Back to the Cold War," BusinessWeek, 5 March 2001, 61.
- ³ To a lesser degree, China is also looking to other foreign sources, such as Israel and Pakistan, for specific hardware and technology to overcome its well-known shortcomings.
- ⁴ Mosher, Steven W., <u>China's Plan to Dominate Asia and the World Hegemon</u>, (San Francisco:Encounter books, 2000), 86.
- Yossef Bodansky, "Russo-PRC Axis Changes Balance" Defense and Foreign Affairs, April 1996, p.10
 - ⁶ Belton and Crock, Washington and Moscow Back to the Cold War, 61.
- ⁷ See Kenneth W. Allen, Glenn Krumel, and Jonathan D. Pollack, *China's Air Force Enters the 21st Century* (Santa Monica, Ca: the Rand Corporation, 1997), 158-160, and Bates Gill and Taeho Kim, *China's Arms Acquisitions from Abroad, A quest for' Superb and Secret Weapons'*, SIPRI Research report no. 11 (New York: Oxford University Press, 1998), 56-67, for details of many reported arms sales that never came to fruition, as well as those that have.
- ⁸ Omori,Frances., and Mary A. Sommerville, eds. <u>Strength Through Cooperation: Military forces in the Asia-Pacific Region</u>. Washington, D.C.: National Defense University Press, 1999. 180.
- ⁹ See Paul Godwin, "PLA Incorporated', Estimating China's Military Expenditures," Prepared for the IISS-CAPS Conference, China's Economic Reform: The Impact on Security Policy, July 8-10, 1994, Pacific place conference Center, Hong Kong, 18-19, for comparative figures from 1978-1994. According to Agatha Ngai and Danial Kwan, "Defense Spending to Rise 12.7 per cent," *South China Morning Post*, March 1, 1999, this trend continues. For example, education is reported to receive over 38 billion yuan more than defense in 1997. A portion of the funds used in civilian development of science and technology is used for the military.
- Jasper Becker, "Ban on Pork Imports Upsets Weapons Deal," *South China Morning Post*, March 29, 1998, reports that the SU-27 purchase was to be paid for by 70 percent hard currency and 30 percent consumer products. A Russian Ministry of Health ban on Chinese pork has caused the latest snag in this arrangement.
- ¹¹ Richard A. Bitzinger, "China's Defense Budget: Is the PLA Cooking the Books?" *International Defense Review*, February 1995, 36.

- ¹² Omori and Sommerville, <u>Strength Through Cooperation: Military Forces in the Asia-Pacific Region</u>, 181.
- ¹³ Bill Gertz, Office of Naval Intelligence (ONI) Report, quoted in *Betrayal* (Washinton DC: Regenery Press, 1999), 104.
- ¹⁴ John Pomfret, "China plans for a stronger Air Force; move reflects push to expand influence in Asia, serve notice to the United States," *Washington Post*, 8 November1999, A17.
 - ¹⁵ Gertz, Office of Naval Intelligence (ONI) Report, 105.
- ¹⁶ "Russia: Moscow Expects to increase Military Cooperation with the Chinese," Moscow interfax, June 27, 1998, in FBIS-UMA-97-178 and Bill Gertz, "China's 'Secret' Arms Buildup, "The Washington Times, July 3, 1998.
 - ¹⁷ Gill and Kim, 55. This included the *KILO* purchase.
- ¹⁸ Bill Gertz, "China Buying Russian Destroyers, Pentagon Says," *The Washington Times,* January 10-12 1998.
 - ¹⁹ Defense 96 Almanac (Washington: Department of Defense, 1996), 13 and 14.
- ²⁰ The PLA had been solidly in favor of the Four Modernizations from the beginning, seeing it as a way to acquire advanced weaponry and bolster its firepower. Ye Jiangying and the other PLA marshals trusted that Deng, who was serving as Chief of Staff of the PLA in the seventies, would give the PLA pride of place in the modernization program.
- Su Kuoshan, "Road of Hope—Reviewing the Accomplishments of the '863' Project on the 10th Anniversary of its implementation" Foreign Broadcast Information Service, Daily Report 8 May 1996 FBIS-CHI-96-089. The 863 Program was billed as advancing the PRCs "economy and...national defense construction," but it was administered by the State Commision of Science, Technology and Industry for National Defense (COSTIND), and was designed to acquire advanced technologies in support of the PRC's military aims.
- Whether Jiang is trying to make up in military enthusiasm what he lacks in service credentials (unlike Deng, he never served in the PLA), or whether his appetites are simply expanding with China's ability to buy or steal modern weapon systems (the two feed on one another), is difficult to say. Weapons acquired include 50 Sukhoi Su-27 jet fighters with the production rights for 200 more, two Kilo attack submarines, and four Sovremenny guided missile destroyers. Richard Fisher, "Foreign Arms Acquisition and PLA modernization," Heritage Foundation Backgrounder, 1 June 1998. In late 1999, the PLA Navy announced plans to acquire two more Russian destroyers.
- ²³ "PRC Acquisition of U.S. Technology," *U.S. National Security and Military/ Commercial Concerns with the Peoples Republic of China* (Cox Report), vol. 1 (Washington D.C.: U.S. Government Printing Office, 1999),10-13.

²⁴ Ibid., 14.

- ²⁵ BBC Summary of World Broadcasts, Far East, 11 November 1992.
- ²⁶ John Pomfret, "China Plans Major Boost In Spending for the Military; 'Drastic Changes' Around World Cited," *Washington Post*, 7 March 2001, A1.
 - ²⁷ Ibid., A20.
 - ²⁸ Ibid., A20.
 - ²⁹ Ibid., A20.
 - 30 Ibid., A20.
 - ³¹ Ibid., A20.
 - ³² Ibid., A20.
- ³³ Scobell, Andrew, <u>Chinese Army Building in the Era of Jiang Zemin</u>. (Carlisle: Strategic Studies Institute, U.S. Army War College, 2000). 2.
- ³⁴ Information Office of the State Council. <u>China's National Defense in 2000</u>, Oct. 2000, p. 3
 - ³⁵ Ibid., 3.
 - ³⁶ John Pomfret, "China Plans Major Boost In Spending for the Military," A.20.
 - ³⁷ Ibid., A20.
 - ³⁸ Ibid., A20.
- ³⁹ China probably recognizes that, mostly through its own devices, it has developed and produced cruise and short-range ballistic missiles of sufficient quality and in sufficient quantity to equip its forces. Therefore, generally satisfied with these high technology weapons, it will use its hard currency to buy systems it is having trouble developing on its own.
 - ⁴⁰ Scobell, Andrew, Chinese Army Building in the Era of Jiang Zemin. 5.
 - ⁴¹ Ibid., 5
- ⁴² Chen Yung-Kang and Chai Wen-Chung, "A study of the evolving PRC Naval Strategy," *Chung-Kuo Ta-Lu Yen-Chiu*, September 1, 1997, pp. 7-10, 13-20, available from FBIS, Document ID FTS19971125000595.
- ⁴³ Jane's Sentinel Security Assessment—China and Northeast Asia (Coulsdon, Surrey: Jane's Information Group, Ltd., 1999), p.96.
 - 44 Scobell, Andrew, Chinese Army Building in the Era of Jiang Zamin. 6.

⁴⁵ Omori and Sommerville, <u>Strength Through Cooperation: Military forces in the Asia-Pacific Region</u>. 190.

⁴⁶ Scobell, Andrew, Chinese Army Building in the Era of Jiang Zamin. 2.

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